

New Missoula Housing Report Paints “Mixed Picture”

By Grant Rhodes, 4-14-08

[Click here for the full 2008 Missoula Housing Report](#)

There's good news and bad news for potential home buyers in Missoula, according to the 2008 Missoula Housing Report: While the national real estate downturn has affected Missoula, it hasn't been hit nearly as hard as other parts of the country.

The report, compiled by the Missoula Organization of Realtors and its Housing Report Coordinating Committee, was presented to the public Monday morning at the Double Tree Hotel.

Committee member George Masnick, who has been affiliated with the Joint Center for Housing Studies at Harvard for 30 years, called the report a “mixed picture”—the national housing crisis has been slow in hitting the Mountain West and Missoula in particular. Last year the number of homes sold in the city decreased for the first time since 2002, but it was still the third-highest total ever.

The number of permits in Missoula is going up, while all major metro areas in the country have seen a decline. And Montana is one of only a few states to have recently seen a 5 percent increase in single-family home prices.

Foreclosures in Missoula jumped from 73 in 2006 to 108 in 2007, an increase of 48 percent. (Nationally, the number of annual foreclosures is closing in on one million.)

As for the future of more housing in Missoula, Masnick noted in the presentation that Missoula has 6,952 acres of developable land, but that number includes privately-owned land with unknown development potential and land not currently zoned.

“When people say we have a lot of open land in Missoula, well, it's on the fringe and it's not set to go,” Masnick said.

Population growth in Missoula has remained steady since 1990 at 1.7 percent; however, that number could increase because of what Masnick calls the “echo boom”—baby boomers' children entering adulthood and having kids of their own. That could pose a problem for people in need of affordable housing. As it stands now, Missoula County's average income lags behind the rest of the state and the country (although Masnick believes that's because of the large percentage of student salaries in town and the increasing number of retired persons moving here).

Simply stated, Missoulians are finding it more difficult to live in the city where housing costs are outpacing income growth. “[It's a] serious, serious problem for the bottom portion of the population,” Masnick said.

Speaking from the audience, Missoula Mayor John Engen wished to define vacant units in the city more accurately. Currently, vacant units include seasonal units, those intentionally held off the market. Better understanding the true number of vacant units (units that are “rent ready”) can give the city guidance in addressing housing woes.

“My predecessor’s motto was nobody likes sprawl and nobody likes density,” said Engen in an impromptu mini-speech to the room. His comment, receiving one small chuckle, hung in the air for a moment, and then he asked rhetorically, perhaps not just to those in the room, but to the city itself: “So where do we go from there?”

[Click here for the full 2008 Missoula Housing Report](#) (opens PDF).